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10/040,912

01/07/2002

John F. Malitzis

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EXAMINER

CHANDLER, SARA M

ART UNIT

PAPER NUMBER

3693

MAIL DATE

DELIVERY MODE

05/22/2007

PAPER

**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

## Office Action Summary

Application No.

10/040,912

Applicant(s)

MALITZIS, JOHN F.

Examiner

Sara Chandler

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

### Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

### Status

- 1) ☒ Responsive to communication(s) filed on 20 March 2007.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

### Disposition of Claims

- 4) ☒ Claim(s) 1-14 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-14 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

### Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

### Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some \* c) ☐ None of:
- ☐ Certified copies of the priority documents have been received.
  - ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  - ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
- \* See the attached detailed Office action for a list of the certified copies not received.

### Attachment(s)

- 1) ☒ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☒ Information Disclosure Statement(s) (PTO/SB/08)  
Paper No(s)/Mail Date 03/20/07.
- 4) ☐ Interview Summary (PTO-413)  
Paper No(s)/Mail Date. \_\_\_\_\_
- 5) ☐ Notice of Informal Patent Application
- 6) ☐ Other: \_\_\_\_\_

## DETAILED ACTION

### *Response to Amendment*

Applicant's election without traverse of Group I, claims 1-14 in the reply filed on 3/20/07 is acknowledged.

### *Claim Rejections - 35 USC § 101*

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 1-14 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

In regards to the matter of Patent subject matter eligibility, the MPEP states:

The claimed invention as a whole must be useful and accomplish a practical application. That is, it must produce a "useful, concrete and tangible result" *State Street*, 149 F.3d at \* 1373-74, 47 USPQ2d at 1601-02. The purpose of this requirement is to limit patent protection to inventions that possess a certain level of "real world" value, as opposed to subject matter that represents nothing more than an idea or concept, or is simply a starting point for future investigation or research (*Brenner v. Manson*, 383 U.S. 519, 528-36, 148 USPQ 689, 693-96\*\* (1966); *In re Fisher*, 421 F.3d 1365, 76 USPQ 2d 1225 (Fed. Cir. 2005); *In re Ziegler*, 992 F.2d 1197, 1200-03, 26 USPQ2d 1600, 1603-06 (Fed. Cir. 1993)).

See MPEP § 2106.

In regards to independent claims 1,7 and 12, a "useful, concrete and tangible result" is not produced because nothing is done with the orders once they are checked to see if they are qualified or not (e.g., not putting out an order). Since the claims do not establish what is done with the orders once it is determined whether or not they are qualified, the orders fail to comply with the requirements of 35 USC 101.

Dependent claims 2-6, 8-11 and 13-14 are rejected based on the same rationale as the claims from which they depend.

***Claim Interpretation***

1. In determining patentability of an invention over the prior art, all claim limitations have been considered and interpreted as broadly as their terms reasonably allow. See MPEP § 2111.

Although the claims are interpreted in light of the specification, limitations from the specification are not read into the claims. See *In re Van Geuns*, 988 F.2d 1181, 26 USPQ2d 1057 (Fed. Cir. 1993).

Applicant always has the opportunity to amend the claims during prosecution, and broad interpretation by the examiner reduces the possibility that the claim, once issued, will be interpreted more broadly than is justified. *In re Pruter*, 415 F.2d 1393, 1404-05, 162 USPQ 541, 550-51 (CCPA 1969). See MPEP § 2111.

2. All claim limitations have been considered. Additionally, all words in the claims have been considered in judging the patentability of the claims against the prior art. See MPEP 2106 II C. The following language is interpreted as not further limiting the scope of the claimed invention. See MPEP 2106 II C.

Language in a method claim that states only the intended use or intended result (e.g., "for \_\_\_\_\_"), but the expression does not result in a manipulative difference in the steps of the claim. Language in a system claim that states only the intended use or intended result (e.g., "for \_\_\_\_\_"), but does not result in a structural difference between the claimed invention and the prior art. In other words, if the prior art structure is capable of performing the intended use, then it meets the claim.

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Claim limitations that contain statement(s) such as "*if, may, might, can could*", as optional language. As matter of linguistic precision, optional claim elements do not narrow claim limitations, since they can always be omitted.

Claim limitations that contain statement(s) such as "*wherein, whereby*", that fail to further define the steps or acts to be performed in method claims or the discrete physical structure required of system claims.

USPTO personnel should begin claim analysis by identifying and evaluating each claim limitation. For processes, the claim limitations will define steps or acts to be performed. For products, the claim limitations will define discrete physical structures or materials. Product claims are claims that are directed to either machines, manufactures or compositions of matter. See MPEP § 2106 II C.

The subject matter of a properly construed claim is defined by the terms that limit its scope. It is this subject matter that must be examined. As a general matter, the grammar and intended meaning of terms used in a claim will dictate whether the language limits the claim scope. Language that suggests or makes optional but does not require steps to be performed or does not limit a claim to a particular structure does not limit the scope of a claim or claim limitation. The following are examples of language that may raise a question as to the limiting effect of the language in a claim:

- (A) statements of intended use or field of use,
- (B) "adapted to" or "adapted for" clauses,
- (C) "wherein" clauses, or
- (D) "whereby" clauses.

See MPEP § 2106 II C.

3. Independent claims are examined together, since they are not patentable distinct. If applicant expressly states on the record that two or more independent and distinct inventions are claimed in a single application, the Examiner may require the applicant to elect an invention to which the claims will be restricted.

***Claim Rejections - 35 USC § 112***

The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

Claims 1-14 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

Claims 1,2,6,7,8,11,12,13,14 recite the limitation "qualified the order for avoidance of an internalization execution process." The meaning intended by Applicant is unclear. For purposes of claim interpretation, qualify/qualified is interpreted as- having met the requirements or eligible. For purposes of claim interpretation, internalization execution process is interpreted as- rules or restrictions regarding order execution. See MPEP § 2111.

Claims 2,6,7,8,11,13,14 recite the limitations "the best bid or best offer price" or "the best bid or best offer." There is insufficient antecedent basis for these limitations in the claims.

Claims 2,6,7,8,11,13,14 recite the limitations "best bid or best offer price" or "best bid or best offer." The meaning intended by Applicant for the terms are unclear. For purposes of claim interpretation, best bid or best offer is interpreted as- the most suitable, useful or desirable bid or offer. See MPEP § 2111.

Claims 2,3,6,7,8,11,12,13,14 recite the limitation "priority." The meaning intended by Applicant for the term is unclear. For purposes of claim interpretation,

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priority/prioritize is interpreted as- to arrange or deal with in order of importance. See MPEP § 2111.

With respect to the "priority" and the "best bid or best offer", the following in particular is unclear:

Claim 2 recites "matching-off the order without regard to a priority of other quotes in the system". Since claim 3 depends from claim 2, doesn't "without regard to priority" already encompass "without regard to time priority."?

Regarding the "best bid or best offer that is at the opposite side of the market" in claims 2 and 13, is that the same as the best bid or best offer price on the opposite side of the market since other grounds for giving other quotes "priority" (e.g., time) are not considered?

Regarding the "best bid or best offer" in claim 8, is this best bid or best offer a function of price and time on the opposite side of the market since other grounds for giving other quotes "priority" are not considered?

Claims 2,8 and 13 recite the limitation "wherein if a market participant has not qualified the order for avoidance of an internalization execution process, the method further comprises:". There is insufficient antecedent basis for this limitation in the claim. In other words, orders that are not qualified have not been previously discussed.

Claims 1,7 and 12 are rejected under 35 U.S.C. 112, second paragraph, as being incomplete for omitting essential elements or omitting essential steps, such omission amounting to a gap between the elements or the steps. See MPEP § 2172.01. The omitted steps are: Nothing is done with the orders once they are checked to see if they

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are qualified or not (e.g., not putting out an order). Orders that are not qualified have not been addressed at all.

Dependent claims 2-6, 8-11 and 13-14 are rejected based on the same rationale as the claims from which they depend.

### ***Double Patenting***

The nonstatutory double patenting rejection is based on a judicially created doctrine grounded in public policy (a policy reflected in the statute) so as to prevent the unjustified or improper timewise extension of the "right to exclude" granted by a patent and to prevent possible harassment by multiple assignees. A nonstatutory obviousness-type double patenting rejection is appropriate where the conflicting claims are not identical, but at least one examined application claim is not patentably distinct from the reference claim(s) because the examined application claim is either anticipated by, or would have been obvious over, the reference claim(s). See, e.g., *In re Berg*, 140 F.3d 1428, 46 USPQ2d 1226 (Fed. Cir. 1998); *In re Goodman*, 11 F.3d 1046, 29 USPQ2d 2010 (Fed. Cir. 1993); *In re Longi*, 759 F.2d 887, 225 USPQ 645 (Fed. Cir. 1985); *In re Van Ornum*, 686 F.2d 937, 214 USPQ 761 (CCPA 1982); *In re Vogel*, 422 F.2d 438, 164 USPQ 619 (CCPA 1970); and *In re Thorington*, 418 F.2d 528, 163 USPQ 644 (CCPA 1969).

A timely filed terminal disclaimer in compliance with 37 CFR 1.321(c) or 1.321(d) may be used to overcome an actual or provisional rejection based on a nonstatutory double patenting ground provided the conflicting application or patent either is shown to be commonly owned with this application, or claims an invention made as a result of activities undertaken within the scope of a joint research agreement.

Effective January 1, 1994, a registered attorney or agent of record may sign a terminal disclaimer. A terminal disclaimer signed by the assignee must fully comply with 37 CFR 3.73(b).

Claims 1-14 are provisionally rejected on the ground of nonstatutory obviousness-type double patenting as being unpatentable over claims 1,3-14 and 16-20 of copending Application No. 09/404,518. Although the conflicting claims are not identical, they are not patentably distinct from each other because both applications are drawn to:

Executing an order in a market system comprising:



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receiving an order from a market participant; and

matching-off off the order against the best bid or best offer that is at the opposite side of the market.

Please see the following claim comparison for further guidance.

Application # 10/040,912	Application # 09/404,518
1,2	1
3	3
4,9	4
5	5
2,6,8,11,13,14	6
1,7,12	9
7,8	11
2,6,8,11,13,14	12
4,9	13
2,6,8,11,13,14	14
4,9	16
2,6,8,11,13,14	17
7,8	18
4,9	19
2,6,8,11,13,14	20

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This is a provisional obviousness-type double patenting rejection because the conflicting claims have not in fact been patented.

***Claim Rejections - 35 USC § 102***

The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of application for patent in the United States.

(e) the invention was described in (1) an application for patent, published under section 122(b), by another filed in the United States before the invention by the applicant for patent or (2) a patent granted on an application for patent by another filed in the United States before the invention by the applicant for patent, except that an international application filed under the treaty defined in section 351(a) shall have the effects for purposes of this subsection of an application filed in the United States only if the international application designated the United States and was published under Article 21(2) of such treaty in the English language.

**Claims 1-14** are rejected under 35 U.S.C. 102(b) as being anticipated by Silverman, US Pat. No. 5,136,501.

**Re Claims 1-6:** Silverman discloses a method of processing an order in a market system comprising:

receiving an order from a market participant; and for the order (Silverman, Figs. 1-20; abstract, col. 1, line 1+ - col. 2, line 63; col. 3, line 18+ - col. 5, line 35; col. 6, line 20+ - col. 12, line 7; col. 12, line 33+ - col. 12, line 33 – col. 17, line 58; col. 18, line 10 + - col. 20, line 43; col. 20, line 58 + - col. 21, line 29; col. 22, lines 23-40); and for the order, checking if a market participant has qualified the order for avoidance of an internalization execution process for the order in the market system (Silverman, Figs. 1-20; abstract, col. 1, line 1+ - col. 2, line 63; col. 3, line 18+ - col. 5, line 35; col. 6, line

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20+ - col. 12, line 7; col. 12, line 33+ - col. 12, line 33 – col. 17, line 58; col. 18, line 10 + - col. Col. 20, line 43; col. 20, line 58 + - col. 21, line 29; col. 22, lines 23-40).

**Re Claims 7-11:** Silverman discloses a market system comprising:

an order execution process that receives orders and matches orders against quotes posted in the system on a time priority basis (Silverman, Figs. 1-20; abstract, col. 1, line 1+ - col. 2, line 63; col. 3, line 18+ - col. 5, line 35; col. 6, line 20+ - col. 12, line 7; col. 12, line 33+ - col. 12, line 33 – col. 17, line 58; col. 18, line 10 + - col. Col. 20, line 43; col. 20, line 58 + - col. 21, line 29; col. 22, lines 23-40);

an internalization execution process that checks if a market participant identification associated with a received order matches a market participant identification representing a quote in the system that is at the best bid or best offer price in the system (Silverman, Figs. 1-20; abstract, col. 1, line 1+ - col. 2, line 63; col. 3, line 18+ - col. 5, line 35; col. 6, line 20+ - col. 12, line 7; col. 12, line 33+ - col. 12, line 33 – col. 17, line 58; col. 18, line 10 + - col. Col. 20, line 43; col. 20, line 58 + - col. 21, line 29; col. 22, lines 23-40); and

an order entry process that checks if the market participant has qualified the order for avoidance of the internalization execution process for the order in the market system (Silverman, Figs. 1-20; abstract, col. 1, line 1+ - col. 2, line 63; col. 3, line 18+ - col. 5, line 35; col. 6, line 20+ - col. 12, line 7; col. 12, line 33+ - col. 12, line 33 – col. 17, line 58; col. 18, line 10 + - col. Col. 20, line 43; col. 20, line 58 + - col. 21, line 29; col. 22, lines 23-40).

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**Re Claims 12-14:** Silverman discloses a computer program product for operating a market system comprises instructions for causing a computer to:

receive a customer order from a market participant's customer (Silverman, Figs. 1-20; abstract, col. 1, line 1+ - col. 2, line 63; col. 3, line 18+ - col. 5, line 35; col. 6, line 20+ - col. 12, line 7; col. 12, line 33+ - col. 12, line 33 – col. 17, line 58; col. 18, line 10 + - col. Col. 20, line 43; col. 20, line 58 + - col. 21, line 29; col. 22, lines 23-40); and

for the order, check if a market participant has qualified the order for avoidance of an internalization execution process in the market system (Silverman, Figs. 1-20; abstract, col. 1, line 1+ - col. 2, line 63; col. 3, line 18+ - col. 5, line 35; col. 6, line 20+ - col. 12, line 7; col. 12, line 33+ - col. 12, line 33 – col. 17, line 58; col. 18, line 10 + - col. Col. 20, line 43; col. 20, line 58 + - col. 21, line 29; col. 22, lines 23-40).

Examiner Note: “qualified the order **for avoidance of an internalization execution process for the order in the market system.**” The highlighted phrase is interpreted as a intended use statement that has not been given patentable weight.

**Claims 1-14** are rejected under 35 U.S.C. 102(e) as being anticipated by Serkin, US Pub. No. 2002/0161687.

The applied reference has a common assignee and a common inventor with the instant application. Based upon the earlier effective U.S. filing date of the reference, it constitutes prior art under 35 U.S.C. 102(e). This rejection under 35 U.S.C. 102(e) might be overcome either by a showing under 37 CFR 1.132 that any invention disclosed but not claimed in the reference was derived from the inventor of this

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application and is thus not the invention "by another," or by an appropriate showing under 37 CFR 1.131.

**Re Claims 1-6:** Serkin discloses a method of processing an order in a market system comprising:

receiving an order from a market participant; and for the order (Serkin, Figs. 1-9; abstract; [0001] – [0090]); and

for the order, checking if a market participant has qualified the order for avoidance of an internalization execution process for the order in the market system (Serkin, Figs. 1-9; abstract; [0001] – [0090]).

**Re Claims 7-11:** Serkin discloses a market system comprising:

an order execution process that receives orders and matches orders against quotes posted in the system on a time priority basis (Serkin, Figs. 1-9; abstract; [0001] – [0090]);

an internalization execution process that checks if a market participant identification associated with a received order matches a market participant identification representing a quote in the system that is at the best bid or best offer price in the system (Serkin, Figs. 1-9; abstract; [0001] – [0090]); and

an order entry process that checks if the market participant has qualified the order for avoidance of the internalization execution process for the order in the market system (Serkin, Figs. 1-9; abstract; [0001] – [0090]).

**Re Claims 12-14:** Serkin discloses a computer program product for operating a market system comprises instructions for causing a computer to:

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receive a customer order from a market participant's customer (Serkin, Figs. 1-9; abstract; [0001] – [0090]); and

for the order, check if a market participant has qualified the order for avoidance of an internalization execution process in the market system (Serkin, Figs. 1-9; abstract; [0001] – [0090]).

Examiner Note: "qualified the order **for avoidance of an internalization execution process for the order in the market system.**" The highlighted phrase is interpreted as a intended use statement that has not been given patentable weight.

### ***Conclusion***

The prior art made of record and not relied upon is considered pertinent to applicant's disclosure. The following US Pat. and US Pub. are relevant to matching orders and/or trading:

"20010039527"|"20020073016"|"20020082967"|"20020095364"|"20020103732"|"20020133454"|"20020138390"|"20020138401"|"20020152152"|"20020156716"|"20030004858"|"20030009412"|"20030009413"|"20030009414"|"20030065598"|"20030093343"|"20030093359"|"20030149652"|"20030154152"|"4412287"|"4674044"|"5077665"|"5297032"|"5727165"|"6014643"|"6195647"|"6278982"|"7020630"|"7130824"|"7181424"|"7209896".

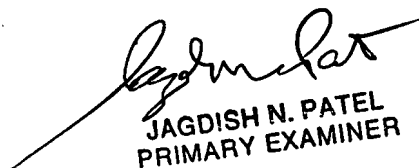
Any inquiry concerning this communication or earlier communications from the examiner should be directed to Sara Chandler whose telephone number is 571-272-1186. The examiner can normally be reached on 8-4:30.

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If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, James Kramer can be reached on 571-272-6783. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

SMC

  
JAGDISH N. PATEL  
PRIMARY EXAMINER